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Why Shares in Freeport-McMoRan Slumped Again Today

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3 minutes

What happened

Shares in [copper miner](#) **Freeport-McMoRan** ([FCX](#) -6.64%) declined 6.5% by midday ET Tuesday. The move comes as part of a broader market sell-off in stocks and a decline in the miner's essential commodity, copper. Having started June trading at about \$4.50 per pound, the price of copper stood at \$3.44 per pound today.



Today's Change

(-6.64%) -\$1.94

Current Price

\$27.26

The decline reflects investor fears that global growth will slow markedly and take down copper demand. Copper is traditionally seen as a cyclical metal because of its use in construction,

electrical networks, industrial machinery, transportation, and consumer products.

So what

Freeport's management believes its earnings before interest, taxation, depreciation, and amortization ([EBITDA](#)) and operating cash flow will fluctuate by \$425 million and \$330 million, respectively, every time there is a \$0.10 movement in the price of copper. So, it's understandable if investors are concerned by the rapid decline in the industrial metal.

That said, Freeport is still highly profitable at the current levels, and it's hard not to think the 47% slump in the stock price over the last three months is the market assuming significantly lower copper prices over the long term. In addition, the slump in copper price probably reflects a lot of speculative money flowing out of the trade now that the Federal Reserve has hiked interest rates.

Now what

Investors will have to wait until the market adjusts to the interest rate tightening cycle to see where copper prices end up. The [long-term case for copper and Freeport-McMoRan](#) is still intact, but the sentiment is against the sector. At least, for now.

Should you invest \$1,000 in Freeport-McMoRan Inc. right now?

Before you consider Freeport-McMoRan Inc., you'll want to hear this.

Our award-winning analyst team just revealed what they believe

are the [10 best stocks](#) for investors to buy right now... and Freeport-McMoRan Inc. wasn't one of them.

The online investing service they've run for two decades, *Motley Fool Stock Advisor*, has beaten the stock market by 3X.* And right now, they think there are 10 stocks that are better buys.

[See the 10 stocks](#)

**Stock Advisor returns as of June 2, 2022*

[Lee Samaha](#) has no position in any of the stocks mentioned. The Motley Fool has no position in any of the stocks mentioned. The Motley Fool has a [disclosure policy](#).